FINANCIAL TIMES
uS banking
Europeans scramble forfootholds

## HOLYMOOB

Sony
Awful adventures in Tinseltown Book review, Page 16


Tuberculosis Educating the immune system


Today's surveys
FT Exporter
Taiwan

Israel is putting
peace treaties at risk says Hussein King Hussein of Jordan told Israel its peace
treatites wlat Egypt and Jorinan were in demger


 and to se
Credit Ryonnais seeks more cashi Credit
Lyonnais charimiman Jeean Peyrelevade raised the
size of the cash tajection he said was needed for

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BMWU alme to boost Rover output
 commitror to a sop per cent increase in prod
tion it Rover Group; tts British subsidiary, to about 750.000 vehicles a year. Page 9 Germany's budget goal under threat: citreal becaungem privatisint thion pear is under hreat because privatisation proceeds are likely
to
sall far par below the DM9bn envisaged, a report says. Page 3

 Former Indian Pil granted ball

 ainimphan been cisim hiowe cien year-ld poilitician, wh
receantly resigened as resident of the Congress.party, would not " H lee plicity jo tin tan attempt to osmears a rival politician lrough the forgery of documen
France acts to cut weiffare defict: The
 cutting this year's Frrszbn (\$10bb), welfa
cit to FFrombn next year. SAP 7\% ahead in first hath: French


Brussels attacks industry costs: High
costs of labour; energy, telecomomunications and ransport are dragzing down Industry in the
tin
unopean Union, a Commission report says. age 2
Airline collapsoss: World Airlines of the UK,
whose sole route was between London City Airport and Amsterdam, became the first.casualty of Europe's fiercest fares war. Its leased BAe 146
et was impounded to London for non-payment of landing fees. Page 9
 merce e epearment envestigation which led to
duties being placed on their exports to the US.
Page ?
AiHennium system problem cansweredr: A smal UK company b bilieves it has an answer
to the "tillennium problem" which threatens after the turn of the century. Page 9
Travellers carrim more alcohol: The to the UK by farry rose hy $\begin{aligned} & 1 \\ & \text { per cent and } \\ & \text { spirits hy } \\ & 14\end{aligned}$ per cent this year over last. spinits hy 14 per cent this year over last,
Prizan's Wine and Spirit Association said. Page 9
Foothall walkovern Scotland were awarded a
provisional walkover win in their World Cup
 Their hosts failed to turn wis
pute over the lickoㅍ time.
FT.come the FT weh site provides online news.
comment and analysis at http://www.FT.com




## E us umchitme rates





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## 

Semiconductor industry data may signal end of year-torig slump
Chip market set to recover


US electricity group agrees \$2.7bn deal

## By Richard Waters in Now York

Southern Company, the US
electrictty electrictty group which has
embarke on an ambitious embarked on an ambitious
international expansion yesterrational erpansion, yes-
terriay won the contest for con-
trone of
tndependent independent power producerst.
The Atlanta-based utily
said
 looking to expopen, which the mies with faster-growing
miemand
demand home markets. $\begin{aligned} & \text { The also provide } \\ & \text { Thueh- deeded wash for Mr Gor- }\end{aligned}$


## Vaccine for peptic ulcers threatens bestselling drugs

By Greg Mctior in Stocktolm
peptic ulicers, as well as gastric

## German

 groups plan \$5bn telecoms alliance$\qquad$ Bonn ano
Veba and RWE. two or
Germans' largest conglomer-
 (s5.4bn) telecommunications
alliance. areating a formidable
new competitor for Dentsche Tew compether national opera-
Tor which will be partially privatised neat month.
RWE Will pay a net DM2.5bn
for a stake of about 37.5 per for a stake of about 37.5 per
cent in the new company. It
eill contribute its will contrihste its extensive
telecoms assets which incllde
the largest privately-owned the largest privately-owned
networkin Germany compris-
tog 70.000 km of modern opti-
cal filine cabling. RWE and cal fihre cabling. RWE and
Veba together operate private
networks covering most of Thaniance signals the end
of talks started earlier tbis of tars started eariuer Bris-
year between RWE and
ish Telecommnications,
which would have led to RWE becoming a member ofo the UE
Eroop's alliance with Viag the groop's aliance with Viag. the
Munich-based conglomerate.
Vehacom, Vehe's Vehacom, Veha's telecoms
subsidiary, is expected to bold
60 per cent of 60 per cent of tbe bolding
company which will manage
the joint venture. bringigg
with it Cable and wiring UK-based telecoms group with
which it forged an alliance 18 mooths ago.
Mr Stephen Pettit, C\&W
exectite diretor, mobile. said the deal would
give the give the gronp a smaller share
of a more powerful operation: "It pives us greater confideoce
that the company we have
marested in wil be sucessful
in the German market." be in the German market." ${ }^{\text {bin }}$
ine
said.
The share prices of RWE The share prices of RWE
and Viag moved sharply yes.
terdas reflecting analysts
views of terday reflecting analysts.
views of the earrings poten.

tial of tbe Gerran teletoms market after Hiberalisatioo oo | price rose DM2.2. to close at |
| :--- |
| DM6.0.2. np, 3.8 per cent. |
| while Viag's shares feli |

Continued on Page 18
Lex. Page 18
18
Contenders regroup, Page 20



## Battle for Kremlin intensifies




Now the game is discredit your opponent, writes John Thornhill

## Russia's politics turn personal

 recently were count
amang the president's clo recentily were counted
amang the presideats clos-
est triends and advisers. Mst friends and advisers.
Mar
Korzhaliov spent more Mr Korzhakov spent more
than 10 years as Mr Yeltsin's
bodtyuard, confidnt. and
 sportis misistiter and was the the
tennis roach to the presi.
dent. They both exercised den. They both exercised
innuence far heyond their
forman responsibilities. dab.
bling in Kremlin politics and
undermining libera formal responsibilties. dab-
bling in Kremlin politics and
undermining libeal aides.
Mr
Fyodiorov, whose
whe $\begin{array}{ll}\text { Mr Fyodorov, whose } & \text { rage. } \\ \text { National Sports Fund earned } \\ \text { bilions of dollars in proits } \\ \text { curr } \\ \text { betw }\end{array}$

## French move to close welfare deficit



Brussels lambasts EU over poor state of industry

The high costs of laboar.
energr, telecommanications
 pean Union and hampering
joh creation saps a Commis-
sion report presented sester-
der
 ED gnveraments for not
doing enomg to improte
Conditionong for indonstry. sare
the most alaring strnc-
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plogment rate and alide in
the Union's share of export


 share of excluding tride axthin
ketse, sexnele market. has been
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falling since 1987, because falling since 1987, because
of a meeak presence in rap
idyl expanding makres.
such as those of the Asian such as those of the Asian
tigers... Net pront margins
and retins on inveswent
are also in adeqnate, says and retarn
are also
the report

## -The situation of Euro- pean industry, even if it has

improved somerexhat is not
satisfactory men compared satisfactory Fhen compared
to Japan and the DS. said
Mr Martin Bangemann. the mdnstry commissioner.
The report indicates that
efforts
 economies in tbe face of
moonting competition fall
short of what is required. In short of what is required. In
particalar, it critcises the
bigh cost of key inputs such paish cost of key inputs sac
as habour and energ.
For example, the price o For example, the price of
long-distance teleptorene calls
is substantiall is substantialis lower to the
US tzan ln Earope and
unlimited local calls are
und usvally inclnded in the fixed
zize rental fee $-a$ situation
thet that bas greatly encouraged
the development of sertices the development of service
on the Internet
Against this. EV-wide Against this. ED -wid
effort it liberalise kes sec
tors suct as telecommonic Cios, transport and energe.
hionse had mixed suceesses.
have host of tbe 15 coumtries are
hat have had mixxed successes
MGost or tbe 11 countries are
on course op open their tele
coms sectors to coms sectors to fall competi-
tion by 1998. but a recent
agrent agreement on energy liber-
auisation will lead to ouls. partial and cautious openin of the marret.
Mr Bangemann said th
lanncb of economic and monetary union in Ln 1999
wonld do mnch to ixprove competitiveness. a and
declared it was false toe
the bnd get discipline required as a disconditine
for Emin as a brake on econ Onr in ination rate has
never been as low never been as lore as it is
today.. he said adding that
Emn would do away with cnrrency
make it easier for cotions an
to make teasier for companies
to raise investrent appital.
Otber weakmesses identi Otber weaknesses identl
fred hy the repor inclide
scdlls and innovation. both
of of which winl be sobject
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${ }_{\text {ing Penchmarking will }}$ ced oo measure airpen
competitiveness agains
best-practice warldwlde. II best-practice warld wrde
this wast the commission
bopes to ensures that its poli vies, and thase of the mem-
her states. are providing
ind
benerity with the necessary

## change

## Sunday's polls could weaken Social Democrats' dominance, writes Eric Frey

| $\left\{\begin{array}{l} \text { he 25-year dominance } \\ \text { of Austrian politica by } \\ \text { the Social Democrats } \end{array}\right.$ | European Union | of charisma. Also, by making Jobs their central | on the city's municipal councll for the first time in 70 years. | rirst time, and inter from the Freedom |
| :---: | :---: | :---: | :---: | :---: |
| could be weakened in Sun- | per cent tin the poll, litte |  | Some surveys stil give |  |
| $t$ and Vienna |  |  | - | - |
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| $\begin{aligned} & \text { ane } \\ & \text { ane } \end{aligned}$ |  | In | ${ }^{\mathrm{w}}$ |  |
|  | Pe | Social |  | candiaate becruse of ch |
| ${ }_{30-31}$ per cent in a public | sh | Democrats | According to a pou in |  |
| opinion poll for the Euro |  |  |  |  |
| pean the People's Party can | of |  | 42 per cent. |  |
| he social Doma | can |  | Is is due to the advance | The People's party |
|  | p | majority |  |  |
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|  | E |  |  |  |
| $\text { e People's Party } 28 \text { p }$ | candidate for the Soctal | a, the | voters. the loss of young educated voters to the |  |
|  | Democrats. Mr Hannes | Democrats ar |  |  |

## Doubt over BSE forecast

The Eves leading exper un mad cand disease sesuriay

 the disesese owid be ransmitited to man


 meissmann was chosen by the European Commission six
months ago head a team of 20 BEE experts charged
ith Identifying BSE research priorities with ldentiffing BSE research priorities, Phofessor Keissmann said the tests on primates could
take "10 years more" since the incuatano period for
he disease varied from tow to 30 years. He also the disease varied from twoo to 30 years. He also
questioned a report by O.tfard University in Britain that questioned a report by oxima
BSE would die oun within five years and that ane large cull
of carte at French plan takeover reform
 Mr Jean Artruis. economics and finance mimister. said yesterciay that he had opened consultations on the idea of
estending the mavimum duration of takeovers. which is currently just 20 dass.
He also said he was interested in requiring investors -
inke their UK and CS counterparts - to make $a$
 certain threshold of sbares in the target company. Speaking at a reception for the 16 board members of the
new Conseil des Marches Financies. the coumpry's
neery-created investment authority. he stressed that the nerry-created inrestment authority. he stressed that the
existing french takeover rules were generall clear and
accepted. but said be wanted the body to disccuss possible Spanish shipyards threatened A tresh confrontation is building up ower Spain's nationalised shipyards, a year arter ciolent
demonastrations to fend of their closures. The stateow
 company to carry on
Spain is awaiting European Commission approval for
Ptasobn (Si00m) of government aid to back the plan designed to bring the shipyarts out of loss tis 1998, Last year, a campaign backer by local PP mayors in Seville scale hack job cuts from 5.200 to 3.900 among the 10,000
s.ind Chipyard workers. The renemed threat fillows a forecast
Praz30.6n loss this year, po per cent more than VW-Opel case opens Volkswagen's defamation suit apainst Opel, its US-owned
rival, wivi be decided at the end of this month a
Frankiurt judge sidid Fran mart fudge said yesterday. VW. Germany's biggest
car manufacturer, is suing Opei and General Motors, its parent, over statements whicb it alleges were part
ssstematic campaign to barm its reputation. The case opened in Frankifurt yesterday, with statemg on VWr's DM10m (S6.70m) damages claime - which
rupinin Opel rejects - would be anounnced on october 30.
The allegations foll
aved the launch by GM and
Opel in March of a US civil suit accusing VW and Mr Ferdinand Alitalia inquiry confirmed The European Commisston yesterday connirmed it had
started on Investigation Into restracturing piana sat
Alitaliai Italy's stateowned airline, because of concerp that a capital lijection of $L 3.000 \mathrm{bn}$ ( 51.9 bn ) broke EUCerns hid rules. Halif of the aid is to come from Iri, the state
holding company which owns 90 per cent of Alitalia The Commission satd It was unconvinced by arguments
put forward by the Itrian authorities that the capital
injection was not an illegal subsidy beanse injection was not an illegal subsidy because iri acted as
ayy yrivate investor would in the same circumstances
The The Commission pointed out that tha private investors.
whbch hold 10 per cent of Alitalia were not prepared to La Reunion corruption probe
 of La Reunion. The trial focususes on an oneged corrunction isian
a water deal on and telecommunications giant and the Socialist town hal
at Saint-Denis. Former mayor Mr Cilbert Annette has acknowledged
using CGE funds to pay back debts incurred during ani election campaign and to meet urgent social needs in the
town Former CGE chairman Mr Guy Defouany was
cleared of suspicion in July. ECONOMIC WATCH

Swedish PSBR estimate cut

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German unions face up to tough battle in 1997 wage round

Employers balk at the price of pay
 $\qquad$


## Bonn's goal for budget under threat



## Spanish PM faces twin challenge on regional funding

## By David White in Madrid

Barely trow weecks a fiter settling a new repronal funding scheme.
Spants centre-right goverimine saces chanengers to itt plavinument
from two diametrically opposite quar-
ters stras itacialist enemies $p$ poor
Extremadura and its regionatist Extremadura and its revionatist An unpreccedented vote yesterAn wonprecedented vote yester-
daa by Exremadura's regeonal
partament to stage a referendum parliament to stage a referendoum
on the issue followed a warning
by Mr Jordid Pujou, the Catalan
prestident, that he would be seek: prestdent, that he would be seek-
ing 2 more rradical change for
his region one the new five year sis region once the new five year
scheme had rum its course
The new arrangement Thice new arrangement, under
which regions will automatically
control 30 per cent of the the control 30 per cent of the tically
tax revenues collected on their
terittories, was drawn terittories, was drawn up pargely
to satisfy the demands of Mr
Priol's party, whose to satisfy the demands of Mr
Pujol's parte, whose votes are
needed to kep the Popular party
government in power.

day from Communists and region-
alists to call a referendum He has
consistently opposed a system


## Defence industry halts fall in arms sales

Mideast and Asian buyers offset lower Nato demand


The shrinking tolade in arms


## Higher oil prices boost Middle East purchases



## Nobel prize for discovery of special molecule

| By Clive Cookson, Science Editor |  |
| :---: | :---: |
|  |  |
| American scientists |  |
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| University in Engiland |  |
| rotessors Robert Curl |  |
| chard Smalley of Rice |  |
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| beautiful structure of |  |
| dierene during an intensive |  |
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Forthcoming Surveys

## Asia Pacific

- Taiwan New Zealand Thafifand China



## Wrangles slow state sell-offs in Morocco



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won the rase Kobel physis Anaime Rosiliscesisid the irre. was avaresed tor







## Rabbani takes softer line on Taliban



## INTERNATIONAL NEWS DIGEST

Algerian death toll put at 34

## Mostern guerrillas killed 34 people, Including 20 bus passengers, in the Algerian Saharan town of Lagkouat passengers, newspapers said yesterday. The official death toll given

 eariler by security forces was nine. The ambush, one of the worst in nearly five yearsHolence, occurred on Monday after a fake securtfy



Egypt and IMF 'agreè pact

 which economists said was' the last of the Fund's
 was "wholehearted d.
support foars Prefithe BaF and World Bank expressed then. in W . scoom a year from the MF, and should persuade faris


Tutsi rebels kill patients
$\qquad$ yesterday. Some 100 Bany yaunlenge militiismen had
arrived at the hospltal in Lemera, to the south of Buka arrived at the hosplal in Lemera, to the south af Ruknyw.
and opened fire,
 and local Zairean tribes.
Reuter, Bulitcopu
African food emergency

Report on the Food Snapply Situation and C Tpecial
in Sub-Saharan Affica said Burundid, Litberia and Sopmalim
had been hardest hit in countries
had been hardest hit In countries such as Tanzanid, large
numbers of people are reported in nced of foom aida after
Iocal crop fallures, despite a good overall cereal harvest
1ocal crop failures, despite a good overall cereal harvest,
Other countries facing food emergencies included Angola,
Eritrea Ethiopia.
Zambian president warned
Ona of the main Zambian opposition parties yesterday
warned President Frederick Chiluba not to
 being re-elected or withoutt the cont conse in office without




More Kurds flee to Iran





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## UK-Cuba trade rising despite Helms-Burton law <br> rritain's

Britain's trade with Cuba hncreased
shapry in the first six moonths of this year and British business interes
remains strong, despite US leegisation aimed at curbing soreien investuention
the island, accorrang to the leader on a
Britsh trade mission to Havana. Baroness Young said thanat British
exports to Cuba in tha ifrst six month

##  hy 159 per cent to s23na I think British interest in Caba remains evy strong - the trade figures show this. Saroness Young said on

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of tite
Brite
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 island. respectively in the production
of cigarettes. and ovapp and detpryent
Baroness Young repeated britains
strong opposition to the US Helms. Baroness Young repeated Britain's
strong opposition to the US Helms.
Burton law. which seets to pemals
 nns" in expropriated. formerly DS
omned properties in Cuba She said
Our quarrel is not with the ES admin "Our quarrel is
istation but win
made the law.

## Foreign policy divide is blurred by Dole the bipartisan



# Canada set to unveil tough deficit targets 

There. Lurking around the hallways at Compaq is one than comparable $31 / 2^{n}$ drives. But our Bigfoot offers impressive creature: The Quantum Bigfoot drive. The first even more: It has enhanced sequential throughput and

startling discovery: Bigfoot drives gave them the best
hurry. Because just like their fabled namesake, our

Bigfoot drives may quickly disappear from view.

## Quantum

capacity for the extraordinary-



Italian pasta makers challenge US duties $\mathbf{E U}$ rethink

| .By Anne Counsion WWasthygton | International T Tork against d | the ant-dumping and sub- sidy cases to raise all pasta | "We feel the commerce | $8^{8} \mathrm{c}$ |
| :---: | :---: | :---: | :---: | :---: |
| Italian pasta producers this | On seven companies for | prices, in the domestic mar- | level of dumping and subsi- | italy's and Turkere share of total US pasta imports (\%) |
| ek launched an appeal | coinsidered to be unfatry lo | also argue that | pies. Some of the margins |  |
| againgt a US Co | nipder US law. Also, the | competition, higher prices | should have been higher. | so- Weity naly |
|  | appeal will challenge us | for American durum wheat | They did not countervall |  |
|  | corntervailing: dut | and greater US costs for | some subsidies that were |  |
| the US. | which were fou | original action | margins that were too low." |  |
| probe finto sonassidies the | benefited | Ms Jola Kinnaird, presi- |  |  |
| reccive from the Italian | in July after the Interna | Pasta Association, said the | wars hav |  |
|  | Honal Trade Commisal | US companies had act | patgen in ltaly against US |  |
| their products in the | US ajaincy izuled | stome fairness in the US | exports and advertising |  |
| market was mathematicall | dinports had injured US pro- | market "The outcome of the | drives to win US |  |
|  | . The rulings brought an | not limit imparts, nor did it | ers, also a target of the US |  |
| ${ }^{\text {The }}$ | outcry in in the ltalian media. | keep. them out of the | producers' action are also | 1070 |
| Us | with calls for coca-cole and | market But it did mean | contesting the FTC dec |  |
| Round | Me | would have to price fall | to US producers. | - |
|  |  | the US industry in | More than 100 br |  |
|  | eubsieb, and the ltaban |  |  |  |
| mpanies, | government has left the | Mr Paul Rosentha, a law- | ce |  |
| erniments. | al in the US. | yersta makers, said the US | and Chile bave ltalian- | oosed, bat it is still too affected than the stack-theem- |
| less devel | Mr. Pe | manofacturers, would lodge |  | y to determine whether high-and-sell-them-cheap |
|  |  |  |  | the duties have dramatically outlets where there are |
| The Italian companies | of Italian pasta, accused the US compantes of inttiating | aspects of the commerce department investigation. | There was an initial fall in | altered US pasta purchasing fewer offers and promotions altered. The premium end of for cut-price pasta |

## World air freight fleet

 is forecast to double
## Central America plans trade bloc with Caricom




| By Canuta James m Kingston |
| :---: |
| The Cartbbean Community (Caricom) and the Central |
| erican common market |
|  |
| the two trade blocs. They |
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| s |
| nd prepare them for the |
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| ainned for |
| Trade ministers ff |
|  |
| will meet in Costa Rica next |
| month to set a timetable for |
| the negotiations. Th |
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| J |
| The trade agreement is |
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| dinican Repubic, |
| r |
| (which groups Brazil, Uru- |
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| Ralph Mar |

on cotton import duties




By

## Japan's voters turn deaf ear to party drums

## Mahathir fail in party polls

 Dr Mahathir Mohamad.
Malaysia's prime minister.
suffered an unexpected blow suffered an unexpected blow
to his prestrge yesterday
after wow of his high-profile
supporters were defeated in
 Rafidah Aziz, Malaysia's out-
sposen and internationally




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## ASA-PACIFC NEWS DIGEST <br> Vietnam curbs foreign workers

Vietmann has banned most foreigners at fornt venture and
wholly foreign-wned companies from workdgg more than
threy years mothe country under wholly foreign-owned companies from working more than
thane evears. the country under a law whic allo
requires foreign companjes to train local replacements for theír roreien stafi
Rules puiblished in the official media y yesterday sadd
molt foreigers would need to appply for work permits in
addition to their existing business visas. Those exempt most foreegners, would need to apply for work pernits in
addition tousr existing business visas. Those exempt
include eiplomats, employe include diplomats, employees of non-governumental
organisations, the forelgm media and executives in company representative officices. Members of boardis of
foreignowned companies are also
 with local staff because of severe shortage of replace foreign
Viemamese workers. A punittve nocome tax revime Vietmamese workers. A punitve income tax regime which
makes the hirlng of skinled locals expensive will also not
help, they say.
NZ Labour narrows the gap New Zealand's main opposition Labour party has
dramatically narrowed the zap with the conservative
National government beforre saturday's general slection. National government tefore Sa turday's general slection.
according to a poll thblished
Labour polled 26 per centriany Centre feft according to a poll published yesterday. Centre Heft
Labour polled 26 per cent. up five point, whle prime
minister $J$ Im Bolger's National party plunged seven minister Jim soler's National party plumged seven
points to 30 per cent
The TV3 poll showed a strong shift to the left, with

 zealand First, fell three points to 13 per cent. The result
the eelection hinges on which way New Zealand First and
its charismatic Maori leader Winston Peters jumps. He has said he favours LLabour's sonsition policers jumps.
concerns about its econoumic policies. Ms Helen Clark, Labouris sleader. has decisively won
two televised debates with Mr Bolger, accordigg to a two televised debates with Mr Bolger, acoording toa
conpupter device whtch measures reactions of an audience
of undeclded voters.
BhS ends supplies from Burma Storehouse, the UK retailing group, siaid its BbS
subsidiary, has ceased taking supplites from Burma
has no po plans to resume. The move was hailed hy
 boycott campaing against companies which import
Burmese goods. It said it would now halt action against
Bhs, but would continue 1 lts campaig BhS, but would continue lits campaien asaitsto ther
tmporter, notably Debenhams, part of the Burtor group.
Storehouse, however, denied its move was a response to the campaign It said a supplier had a as wall contract in t.
Burma for men's casual shirts which had expired The
and


Ramos second-term hopes rise





S Korean high-speed rail delay




Fierce price war fells business airline


## Effort to defuse systems 'bomb'

German car company stresses long-term commitment



Cars return from France 'with average of 80 bottles of wine'


| By Grahem Bowley and Robert Chote | the independent think-tank. In the Green Budpef, their annual hudgetary predic | could stick to its tight spending plans nver the rest of the decade: "Hitting those plans | at hetween 1 and 3 per cent of national output. The warning on puhlic |
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| ancing tax cuts in next | tions, they say he will pay | would mean tough choices | finances coincided with |
| th's national Budget hy | for this giveaway by cutting | ahout the levels of state | news that Mr Eddie George, |
| cutting puhilic spending | govers.hn and raisisg other | sion" the report says. | al |
| already looming crisis in |  |  |  |
| Britain-s public services. | Gavym Da |  |  |
| terday. | one of the chancellor's advis- | Ye6bn. fauing to p21.5bn nert | he |
| Mr Kenneth Clarke, the |  | than the E15bn the chancel- |  |
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| USg investruent bank, and the |  |  |  |
| Institute for Fiscal Stu | tion that the government |  |  |

## Nuclear exporting against the clock

State reprocessing plant pinning hopes on increase in international business
> steady "tick tock"
Lesonates thrngk
the halls of Thorp,







## Defender of EU policy wins ovation

By John Kamptner,
Cuplone
Chief Pollital
Correspondent

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from video on demand to from nideo on demand to
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to offer live television programmes from DirECTV.
the US direct broadcast service the US direct broadcast service
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Corporation for def Corporation for defence
commanications. It uses an antenna system that receives
signals from three satellites signals from three satellites
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 A mite of help for common allergies The increasing incidence of
asthma and ecrema is ofteo lamed on the prevalence of
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$\left\lvert\, \begin{gathered}\text { Protec Healh: UK: (0)1285 } \\ \text { S5090: fax (O)12855 } 850552\end{gathered}\right.$
A clearer picture Of survelliance
Most surveillance equipment is
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snag is that the equipment.
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tends to be axpensive.
 company, has cut the costs of
dibital surveillance technology
by developing system that
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requirithout computer networks with
requiring a host PC. Its
Videobride is a VideoBridge is a networked
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 Hearing aids plug into a new loop
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Victoria Griffith looks at how new treatments for tuberculosis are being developed
Switched-on defences

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- Foreign policy: by John Ridding

Trying economic initiatives

The straits crisis with Beijing may
have passed but deep-seated obstacles remain Since China lobbed missiles
towards Taiwan this spring.
aimit aiming to sway the island's
March presidential poll, the cross-straits crisis has been
defused. China's military derssed. China's militar nomic initititives, and invec
tive bas been replaced hy
softer stance. - The easing in soter stance, "The easing
tension is very clear, say
Mr John Chang. Tai wan
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lstry with in charge of relation
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not been restored." says $M$ Mr
Chang. "1 believe the hall
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Deep-seated disagreessure.

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BRIDGE BETWEEN YOU AND TAIWAN









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aid cross-straits ty may yet
Hong Kong watching Beit
 China faces increased press
sure to steer clear of hostile
or heavy-handed actions an or heav-handed actions and
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## Effecting an entry into democracy


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But now the Eanas
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 concering the arrest of
"hooivigns"; and a law of
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land hackgrounds from standing for election
The attack on organised
crime was launched to allay
concerns concerns among foreign
investors. who are partci-
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## The pace of change needs to quicken

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## Powerfully driven by investment



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 wine and tobacco are someof the markets where WTr
member are seeking further
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lition. Mr Chiang at the
 reex lssues remain to be be areas such as the
reform of the state beer and
 vice minister at the mitustryy
of tuance says that mot of
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teeny things left," he says. rejects the cliaing, Thatsan than
wait for China "We are say ing that the issue is not
related, says sur chuag.
"We have to concluch bilat: eral accession talks as soon
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But China does not see it
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Taiwan's overseas invest
ments have hequeathed a
Patterns have undergone upheavals with the region now Beneath the volatile swing
of short-term trade commercial tieas have been
undergoing a more fundamental transformarion funda
Oovr trade "Our trade has hecome
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terms of terms of prosination and and says
Mr Chiang Pincurie chair man of the mindstieriat-level
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ning and developmant CEEPD).
Thist is cien firm the
figures. In 1984: the US
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the island's cominnercel Since of 1985, the share of Traiwanese
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has more than doubled. year.
Such upheaval is largely ne of the Taiwanese econ-
my. As with other maturng Astan tigers. the rising rompted manufacturliog ndustries to seek low-cost
production centres in the The export of capptal equelupnens. Tit supply a cleaiwanese ves Mr Chu Chalai trade, of, industrial aevelopment ryy of economitc atfairs. minis
The result is that as established itself as one of the turee biggest foreign
nvestors in
nostant Asean nations. Total vestmenit in these markets tion's siare accoumted for by mainland In recent years.
here has been a sigaificant arkets as Taiwanese manu?rocurers seek ceno establish
their customers. Although capltal outflow
sas slowed sinc the peak
rears of 1989 and memer have bequaathed
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Hurdles yet to be cleared
broad national lebate involving imost all nterested parties las blown up 'alwan's planned fourth
uclear power plant faces
ubstantial hurdes which
ust ate cleared If it is is ever n
four concerns are estimated
to have spent over $\$ 100 \mathrm{~m}$ combined over the
parng their hilds. Nuclear power was frst Introduced in Taiwan in
I977, and by 1995 the island three plants generated a 23 per eent share of total
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ads been on theonv plant drawing

 iminated by opposition
uties in the national legis
ture in May zis promises to be a a toorgh
hit as the ruling Natlonglit party maintains a razor-
in majority of just one seat The legislature. fore Taiwane Power (Tari-
Twer). the state electricity onopoly, awarded a sL.sbn nitract to General Eiectric
tha US to provide the sign for the nuclevar reacclear freel.
Undaunted.
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huilding a large "baseload" | faciltty such as the fourth |
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| nuclear plant is important | for practical reasons. But

some advisers to the
PP plants suggest that there ations as well Many poople have heen
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gramme in the late 1960. If
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cancelled then most of those cancelled then most of those people will be out of a job.
One industry source esti-
mated there were between mated there were between
2.000 and 3.000 people in the 2,000 and 3.000 people in the
nuclear field working in 2000 and
Tuaiwar.

## \section*{Economy: by John Ridding} <br> Tiger seeks to roar again



Structural must be removed for private sector to egain its drive outside east Asla, Taiwan's
growth reate would be trum-
peted with pride. In the lair of the tiger economies, howjust under 6 per cent this
year has prompted a bout of soulsearching.
Precedent. emereing signs reforms. and
suggest the gloomsters will be confounded. But policy
makers and business leaders
are faced with sigutricant structural challenges as well
as adverse cyclical trends if they are
Taiwan's fire.
Both Beth chailenges are evi-
dent in the eeromy's recent
lacklustre periormance and
in a serries of downward revi-

 s. ane slowing is satural as
the economy matures, and
like the rest of the region. Talwan has been hit hy a
downturn in electronics
oepports resulting from fatior-
ing tsterational demand
other core industries, such Other core industries, such
as petrochemleals, have
strugeled in the face of waning cyclical demand, while
government spendlng has
heen curbed by a budget hef ture projects.
There have beeo accliden-
tal factors. Mainland missile nese stance in the rum up to
Thiwwn's March presidential
elections knocked the confi.
dent investors. Exports. the stock
market and the propert
market all suffered passed. Crisls has now government spending are se
to strenthen, according to
economists. Exporte expected to revive. desplite

## Annual \% chenge $50 \%-2$


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Taiwan os hands. The experices of the past six months
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and part at least, by the vegaarl
of crosssstraits diplomac mplex game of econom dent Lee Teng-hui has urged move underlines the uncer
tainties facing Taiwanese asinland, Its natural low mits in Talwan's vision long koog as or to riv speaking to the you aren lot withou have achlev and desplte tense relations
so there sis alo of usplat i.
there is any improvement."


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## 2 <br> NITC

## Taiwan Equity Flows Surging

Record Foreign Net Buying Pace Foreign net buying of Taiwan equities is on record pace to reach US $\$ 3.6$ bilion over the next 12 months following Taiwan's inclusion in Morgan Stanley emerging and regional marke indexes from September 2, at $50 \%$ marke capitalisation. Foreign net buying of Taiwan
equities in June, July, August and September 1995 equaled US $\$ 1.3$ billion.

Recovering Domestic \& External Demand
Consumer spending is forecast to grow $7.2 \%$ in 997, up from $5.7 \%$ in 1996. Private nvesment will jump $12.5 \%$ in 1997, up from ontinued st China's monetary ell suppor Taiwan external demand. Exports are forecas to grow $10.9 \%$ in 1997, from the year earlier mports will grow 13.9\%.
Room for More Monetary Easing Taiwan's central bank will maintain a low interest rate policy to boost M2 money supply Having the second lowest consumer price inflation in Asia ex-Japan and an appreciating currency, Taiwan can afford to loosen monetary policy in the fourth quarter.
Ongoing Liberalisation
The Taiwan equity market will be fully-opened will increase Taiwan's weightings in global and regional market indexes. Turnover restrictions
on domestically-run Taiwan equity funds relative to the Taiwan Stock Exchange's urnover were lifted in August.

Taiwan's Advanced Industrial Structure is Complementary to China \& Southeast Asia
Taiwan's diversified industrial structure and bundant capital resources complement mainland China's and Southeast Asia's expanding low-cost downstream pials, semifinished products and capital to these areas. Taiwan is the 2nd largest investor in China and he world's 3rd largest producer of information technology products. Taiwan's leading firms in petrochemicals, textiles, steel and electronics are well positioned to benefit from the bottoming out of cyclical prices in these ke ndustries.
Taiwan's Best Market Proxies The London-listed Taipei Fund and the Hong Kong-listed New Taipei Fund provide overseas
 market These funds have among the best track ecords in Taiwan's fund management busines consistenly outperform the market. The $77 \%$ Fund's net asset value has appreciated 1986 launching NAV is up $48 \%$ since its 1992 Taipei Fund's unds are registered in the UK as distributing

National Investment Trust Company Limited "Winner Micropal '95 Award - Taiwan Equity Sector"

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THIS ADVERTISEMENT IS DIRECTED AT PROFESSIONAL INVESTORS ONLY


Yet more changes needed

By 2000, controls on capital flow domestic banking domestic banking Talwan's highly incremental
approach to financial liberal
isation may have it deral
tats but tew could deny that

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dent task of ine tuming. harde
In eariy 1997 , the country' iirst rating agency for corpo
rate debt is to be esta rate debt is to be estabished.
Intitally financial instita-
tions and later corporate
issuers will be requirat get a rating from thed new
agency. whicb will be pri banks. securities firms and
international cies.
Next year, too, the finance
ministry plans to issue ministry plans to issue
licencess for finance compa-
nies, now nonexistent in nies, now nonexistent, in a
move desiged to bring the
rampant illegal underground
financing financing market above
ground. Later Tawan plans
to set up a futures trading


CASE STUDY Taiwan Tobacco \& Win

## Monopoly prised loose <br> Taiwan Beer is to <br> exchange and privatised.

 lead the competition against the entryof foreign brews of foreign brews
No-one could accose
Talwan's state alcohol and Tawan's state alcohol and
tobocco monopoly of having fallen on hard ttmes. But 1 188
long.time stranglehold on the island's vibrant "sin"
 gose, and the sloepy
government deparment
dating back top $\begin{aligned} & \text { Japan's }\end{aligned}$ datite back to Jopan's
prewar colonial rule sim
to give upstart foreign
 medicine.
Liberalisation of imports has spanwediod a provififeratition

 exorbitant prices - fatten
by hefy impor duties

- which io loitte to
 and label-conscio
consumers
The shelves of The sheives of
"mom-2n-pop stores and
suppermarkets althe briste
with super markets allike brigtid
with forelem brews, rangi
trom the ubiquitous
Hat trom the ubiquitous
Heineken and trendy Coronaa to more obscurre
brands such as Red Dog and

 In the past privatised.
Ine trad
thenheard-of luxury of never neededing tox oudry of of
Thise
pooviluyts are over. The popularytys are overer. The
products is fireten
 is slipping.
So the burean began advertising for the fign ith ithe
late last late last year and has since
 Croinese communitles
 Mr Tssi says TTRWT:
intilal strategy is to p
advertiseate advertisements in Astit
duty-free shops th-
magate magaratees and tradte. tright,
pubications specialising in
 beverage indurustrod animei:
Beer is also beling offered on: number of regional Pacific, Malaysinn and
Singapore
Taiwan



Laura Tyson

W


Cinema/Nigel Andrews
Innocence in a cold climate




| BREAKING THE WAVES <br> Lars Von Trier |
| :---: |
| LONE STAR John Sayles |
| $\begin{gathered} \text { JACK } \\ \text { Francis Ford Coppola } \end{gathered}$ |
| $\begin{aligned} & \text { THE WIND IN THE } \\ & \text { WILLOWS } \\ & \text { Terry Jones } \end{aligned}$ |
| $\begin{aligned} & \text { YIDDLE WITH HIS } \\ & \text { FIDDLE } \\ & \text { Joseph Green } \end{aligned}$ |
| schoolboy with a cellular mal- function which makes hls body grow faster than his mind. At 10 he looks 40. At 16 he looks like throughout like Robin Wiliams. doligg his etermal child routine: all down-turned mouth, pleading eyes and knock knees. The audience suffers from sym- |

pathetic ageing. Coppola brings a
brave if foollorardy panache to to in a computer enhanced
pater
countryside. And the songs -

 house, equipped with TVs and that dreaderul song again? some
table lamps. was a parody of
American consumerism manifest-
one
the Weaskeds.








 Stave Cooran Coultho Mre. Eric Ioad.
(Rat) and Nicol williamson (Baddecades of one cut
guered exuberance.
wounded Gygea, As Candaules
James O'Neal, replacing an indis-
 selficconscious character.
The story widl not be fully told
until we have a Candanles and a until we have a Candaules and a a
Gyges who are equal Gyges who are equal to one
another. Gunter Kramer's
ing was
ing thin on psychological ing was thin on psychological
detail, though Gottuicd Pioks sel
(with a large swimming-pool (with a large swimming-pool
around wirc she banqueters
preened and disported themselves) was striking. All gratitude
to Hamburg, certainly, but before to Hamburg, certainly, but before
long, perrapas another production
will epase the ironic fore of the
opera to more pointed effect
$\overline{\text { In repertoire at Hamburg until }}$
edition of this international film
festival; to Oct 13

## $\square$ PARIS

Musie dorsay Tel: 33-1 4049
4814 14 B. Havliand, photographe
(1880-1950): exhlitin
〔1880-1950): Waxhlibition foogratraphe
about 40 works by photagrapher about 40 works by photagrapher
Paul B. Havilknd, a member or
the Photo-Secossion. His works the Photo-Secession. His works
incluce portraits.nudes and ubban
landscapes; from Oct 14 to Jan 5 OPERA
Theatre des Champs-Elysees
Cosil tan Tutte: by Mozart.
Conducted by jean-Cleyut Maigoire and performed by La Grande ECurrie et La Chambre
Roy. Soloists molude Dantile Roy. Soloists imclude Danielle
Borst, Sophe Fưurier Hubert
Claessens and Patrick Donnelly, C.30pm; Oct

## EXHIBITION

Art Gallery of New South Wales
Tet: $61-2-2251700$ Arthur Streeton 1867-1943: large-scale exhibition celebrating
the work of this Australian artist. The display includes peintings
and wateccolours showing the diviertity of his work; from Oct 1
to Nov 24

Listing compliled and suppliod Arts Database, Amstardama, The
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 tlary van der Kamp partiom

## ATHENS

##  <br>  <br>  <br> 




## Opera of dark, suggestive ironies

The Zemlinsky revival continues in

| $\begin{aligned} & \text { h century painting. Most of } \\ & \text { ks come from the Parvizine } \end{aligned}$ $\text { tte; to Oct } 13$ | $\begin{aligned} & \text { Royal Opera House - Govent } \\ & \text { Garden Te: } 44-171-2129334 \end{aligned}$ |
| :---: | :---: |
| opera <br> Opera House Tel: 358-0-403021 - II Barbiere di Siviglla: by Rossinl. Conducted by Kari Tikka and performed by the Finnish Opera. Soloists include Klas Hedlund, Kalevi Olli and Riikas Hakola; 7.30pm; Oct 12 |  |
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|  |  |
| - HONG KONG <br> CONCERT <br> Concert Hall/HKCC Tel: 852-27342809 <br> Hong Kong Philharmonic Orchestra: with conductors David Atherton and Chang Wing Wah, and planist Artur Pizarro perform works by Beethoven, <br> Rachmaninov and Chang Wing Wah; 8pm; Oct 11, 12 | Auditorio Nacional de Musica |
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| E LONDON |  |
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| CONCERT | - Thomas Eakins: The Rowing |
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|  |  |
| - City of London Sinionlar with conductor Richard Hickox, cellist |  |
|  | conductor Richard Hickox, cellist Alexander Baillie and soprano |  |
|  |  |  |
| Patricia Rozario perform works by |  |
| Britten, Guy and Keal; 7.30pm; Oct 12 |  |
| Oct 12 |  |
| Festiva hair Te : |  |
|  |  |  |  |
| Orchestra: whth conductor Roger and hom-player Richard Bissill perform works by Vaughan wilians and Biten; 7.30pm; Oct | - NEW YORK |
|  |  |
|  |  |
|  |  |
|  | - New York Film Festival: 34th | various elements of eariler peri

in art history are combined,
including the Renaissance.


Dance Full of Eastern promise


 hastiag baree the standaradisistion
which pervedes every aspect of modern, whban culture.
Not that one can bleme the
host tingustshahility of its guests.
Re:orient. the theatre's anmai Re:orient. the theatre's annual
season of daance from the Far season of dance from the Far.
East Korae, appan, Hong Komp.
Taiwan and China make up this year's contingent make up ingises
sundry unfamiliarties. Bnt there
sund is also much in the work of some
of these featured artists which
feels depressingly col feels depressingly commonplace.
Mirueg of $h$ We Wind zolo per
formed by female Korean chore ograpber Kim Eun Hee, is hand,
internationally functional fare,
ithen the most allluring componenent the
the
Haegum Sario accomeaniment
the traditional Korean stringed jue traditional Korean stringed
isstrument here made to sound
like a tipy harmonica. Eun Hee.
seems as partial to western con seems as partial to western con-
temporary dance techinanes as
to the stilnesses. cranches and
thourishes of her more indige nourishes of her more isdige
nows hance hackround. The
assimilation is, for the most
 Yemembered or imaginary
lecales. Euma Hee then adopts a
rather nentral, and eventually sather nentral, and eventualy
stagant vocabulary in order to
enter and exit these potentially
ntriguing pity

 wearge midespolisist named and - absurcrly camp disci-
nes known as Tha Glorions Future, presented Dead and
Alive. As in Bun Hee's work
there are snatcbes of western
infinence in Itob's there are snatcbes of westerr
inflinence in Itohis dance theatre

- princtpally the ose of Mede - principaly the nse of Mendels
sohn and Ravel which is. a
times, so Indicroussy out or place Itoh does not soning on stage
discover the qualities or felich ascover the quaitites or delicacy
and bombast in the music, he
just choosest to ignore thein Yet the incongruous juxtaposi-
ton on elements in Itobs's work is
pecoliarly affective. pecculiarly affective. Caugbt in
an infra-red flow, itob travels
across the stage
 encase of sproanting ppaits is is
wrists a blace locked tocking bis
aretber wrists are locked togetber
hehind his back. Ontside the
theatre he would probably be mistaken for a a transroestite bank
robber under aarest. Mean while like a Bacon painting coming to
life, his partuers in crime occupy pools of lie within individnal
 The work closes groins.
which the extraordith a solo
 lumase wheren his body seem
almost paralysed by a seismic the performaker-seleieve stild ctarit
is eloqueng

Sophie Constant The Re:orient season continues
until October 10 at The Place.

WORLD SERVICE

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\begin{aligned}
& 10.00 \\
& \text { Europea }
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 until 15.00 of Europ
business and the
financial markets
17.30
Francial Times Business
Tonight

## CNBC:

08.30
Squawk Box
10.00
Europe
18.00
Financial Times Business

BBC for Europe can be
received in western
Europe on medium wave

CABOPEAN AND SATELLITE (Central European Time) (Central European Time)
MONDAY TO FRIDAY 07.00
FT Bus Europe on medium wave
$648 \mathrm{kHZ}(463 \mathrm{~m})$ C/Super Channe

## 

 Economic Viewpoint • Samuel Brittan No fiscal crisis for nowAlthough fears that the UK will need a post-election emergency Budget look unfounded, the latest analysis reveals more deep-seated problems

As usual the Green Budget
produced by the Instituta
for Fiscal bytudies. in con.
junction with
 junction with Goldman
Sachs. provides the outsider
with the best svailalo view
of the fiscal outlook before with the best svailatile view
of the fiscal voutlook before
the cbancellor announces his Buangeet at an ane ences of
November. oidman Sachs,
Nhich is responsible for the



## UK:govemment finances projected

| Sbin | $1809-97$ | 1087 Pe8 | 100090 | 19002000 | 2000-91 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| General govermment recelipts | 230.9 | 298.0 | 320.6 | 3423 | 364.12 |
| General govermment expenditure | 308.1 | 320.5 | 331.3 | 342.1 | 354.6 |
| Psers | 26. | 20 | 10.7 | 02 | \% |
| General govermment receipts as $\%$ of GDP | 37.8\% | 38.2\% | 38.8\% | 392\% | 39.5\% |
| General government expenditure as \% of GDP | 41,3\% | 40.4\% | 39.5\% | 38.6\% | 37,9\% |
| PSBF as \% of GDP Scureor Griten Rurtost | 3.5\% | 2\%\% | 13\% | 0 | -10\% |

 peculiaritlies of of a pre of tbe
sive tax system.

\begin{abstract}
BOOK REVIEW . Christopher Parkes
HIT \& RUN - How Jon Peters and Peter Guber took Sony for a Ride in Hollywood
vancy Griffin and Kim M By Nancy Griffin and Kim Maste

# Repellent kids in a candy store 



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ndivanca reservains $n$ nd d ovoilhbility.
Radisson MIIMSES



## LETTERS TO THE EDITOR

 Number One Southwark Bridge, London SE1 9HL


Olivetti strategy aimed at rebuilding shareholders' value


## FINANCIAL TIMES

 Number Ore Sourthwark Bridge, London SE1 9HLThursday October 101996


## Curbing strikes

| ?roposals to curb the powers of <br> rade unions are meat and drink <br> mces. Mr lan Lang, the trade <br> jome up with some ingenious <br> counding ideas to curb strikes <br> n public services, which have yeen a real source of irritation <br> n recent months. But whether <br> hey deserve to be implemented <br> tand. his pians would probably <br> reate as many problems as <br> hey would solve. <br> ssential public services such as ailways, the Post Office and he fire service sbould lose their nmunity from legal action for sred fimancially from a strike ould use the courts to sue here a strike was, in Mr ang's words. "disproportionMr Lang has wisely ignored emands from some Conserva- ves to extend the no-strike le which covers the police. He is also been right to stay clear Labour's suggestions for isential services. These iproaches would be expensive, ig workers for losing their Its. This is demonstrated by | whose pay has consistently risen faster than that of other risen raster public sector workers. In practice it wonld be very In practice it woul determine what damage was "proportionstrikes be more acceptable than one three day striks? Jndges sistent case law from the rough-and-tumble of industrial relations. <br> The problem should be kept in perspective. Even though the resuited in a brief upsurge in the number of days lost through industrial action, there is no evidence of a long-lasting resurgence in trade union militancy. industrial relations - even in the public sector, where umions cuts with little more protest than their private sector counterparts. impact of future strikes is not by tinkering with the law but tion wherever sensible, and by encouraging competition: the postal services qualifles for both sets of treatment Workers will strike less often if they know they are giving away business to their competitors. |
| :---: | :---: |

## The battle of the bulge

European banks are poaching high-flyers to establish a foothold in the US in their drive for globalisation, says Tracy Corrigan


## The lesson of Lisburn

## 

## Latin elections

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and hat


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## Executive stocking-fillers





OBSERVER



Richard mearruthile, poached Mr financial institutions
Salonmon Brothers.
This has
The ibildas irked competitors
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Wont beliove Devtsche Morgan Grenfoll will ever ba
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viliges of a lieree piovince." 50 yeage ta Reppactrog eerman Exports.
Bpitish producers shourds not
atil to take advantage of the present opportunity to tor tupply
the Netherlands with Which were previously Dr. A.B. Speekenbrink,
Director General for Freteign
Economic Relations in the Economic Relations fin the nomic Affars. He was speak.
ng at the amnual luachoon of
he Netherlands Chamber of Commerce in London, and
said that his coontry shared
in the desire to restore Aher in the desire to restory shared Anglo.
Dutch trade.

# FINANCIAL TIMES 

London and Dublin condemn Lisburn attack IRA 'using tactics of Nazis' says Irish PM

By John Murray Brown in
Dublin and John Kamptner
in Bournemouth Mr John Bruton. the Irisb
prime minister. yesterday prancbed a blistering asssault
on the iRA a on the RA, accusing republl.
cans of
Naxis Naris, and engaging in a cymi-
cal bertrayal of the Northern
Ireland peace process Ecboing an unprecedented
cborus of national disaprya cborus of national disadpenteval
of Mondays iPA bombing in Lisburn, Northeran Ireland $M$
Bruton rounded on cans. eveo citing the words of
a loyalist pootician to under.
score his charge that the had betrayed tbe lrish people. Progressive Unionistst is is righ
Thase bomber and their sup. These bombers and their sup-
porters also betray the ideals
of he wreat rrishman. Woife
Tooe who wanted to unite Catholic. Protestant and Dis-
senter. be said.
London and
closed ranks in bubin bave

Telecoms groups plan \$5bn link-up Continued from Page DM 26.20 to DM
of 4.3 per cent
Took changes of allegiance took the ingustry by surrerise,
althongb RWE's failure conclnde a deal with Vlag and
BT tad the talks spurred rim romurs that
The sbake-np leaveses. BT in a considerably weaker position Yin Earope's largest market. setback and said it woold suc
tain lts allance with viae tain lits alllance with Viag,
which will bid for Germany's
fourth mat
 next week Vag als indicated
It mitht bring lts telecoms
network into the new vebs network into the new Veba-
RWF joint venture, thereby
creating creating one company which
conld transmit telecoms services over and
tricity grids.
Talks Talks between RWE and BT group was not convinced that BT was seriousIy committed
to the German market, RWE said. said it had decided the
ET salk bad no fature because
RakE was committed to establisbing separate fixed wire and mobile pbone operatlons.
which BT soid wwond have
called for snbtantial called for sor sibstantial new
investment in in infrastracture It also brushed off criticisems that it had failed to tell RWE
abont lts deal last week in France witb Compagne Gen
erale des Eaux on the grounds
the talks wer


## Beijing

 warns Tokyo in row over islandsBy Tony Walker in Belling and
John Ridding in Hong Kong Ey Tony Walker in
Jothn ilding and in Hong Kong
Chinn yesteriay warned Japan It was prevorikn arneed Japan
tion" over disputed istands in ton East China Sea.
Bealans of the
Beijing used the page
offial China Dail newspaper Beijlng used the pages of the
offcial China Daily nowspaper
to launch its most pointed to launch its most pointed
attack on Tokyy since the row
over the uninhabited territory


 nor of Hoag Koag. that the
protests could damage the ter-
ritory i image
What sort of message do we
send to the internst send to the international com
munity tif the sort of lawless
ness which has been reported ness which has been reported
today is reported aromend the
workrt he asked worlia he asked
Mrir Patten suad he recognised
iscurenth of feilings on the issue. but stressed that pro-
tests muts remain whin the
law. Tits the Iaw and the rule law. TI's the law and the rule
of law which are the backbooe
or a free society uke Hong
Kone." Kong," he saide
The governor aiso suggested
mas prepared to consider The governor also suggested
he was prapared to coosider
protection for the Japanese
conslite ching protection for the Japanese
consulate China said on Tues.
day that th its fe facto embassy day that liss de foacto embassy
in Hong Kong had received a
inneatenng liter from Japa.
nese right wing groupp. threatening letter from Japa
nees rifht wing grous.
Cina and Taiwan have been Chinn and TTiwan have been
united in their ourrage against
Japan over what is Japan over what is rexarided as
Tokyo'a tacit encouragement
of nutra nationalict Tokyo'a tacit encourragement
of uilra nationalists who have
built structures on the Lslands. built structures on the lslands,
known as the Diaous to
China and the Senkakus to Japan, to reinforce Japanese
camins to soverefgenty
China's bitter critisism of Claings to sovereigotit.
Chanas
Japanter reticism of
reflects Beifing's con. Japan relicett Beijfing't con.
cern over arsurgence of Japa.
nese militarism. The China
 ised countries in the Pacific
and said Tokyos refusal to
acknowlede folly its responsi binty forme waitye its responsi.
conld barmu reltions coold barm relationss
rechima has been sugered by
recent visits of leadiog Japac. nese politicians, liacing Joping Mra. minister, to a shrime for war Tha a positive gesture towards Tawwan, China yesterday branch to Taiperer with a callve by
Mr Tang Snubei. vice chatrman of the Association for
Relations Across the Thiwan Relations Actuos sumption of
Straits. for a resumitions on terms accept
net negotititions on "terms acceppt-
able to Doth sides"
Beffing troke of tans last searing trotest at a visit to the the
year in pro Mr Lee Treng.hai,
Taiwan's president.

## German exchange



Uer
United Cinemas International Multiplex B.V.
£240,000,000
Multiple Currency Revolving Credit Facility
Lead Arranger
Bank of America Intermational Limitec
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## Lead Managers Bark of Mortreal

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(H) Bank of America

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# FINANCLAL TIMES <br> COMPANIES \& MARKETS 

## 12190

## Inchcape sells testing unit




 Page 27
Rome to rimvell Banco di Mapoll plans
The tratian Treassury is due to unvel plans this
 ecorird losses. The plan. reportedy has the bless ing of the leading polltical parties - vital for
anything cooncerning an inssituion which has
been the key vehicle of pollitical influence in the
 Treasuiy Page 20
Alliders, incess 81 . 5 m Hablinty Alders, the UK retall group, may hinv to pay
abouif finm in Compersation to poption bolders
failowing the decision by Mr Kenineth Clate





 duty itee bu
page 26
 later tbis moanth after the drugstore chain yes-
terrday said it expected the government to
 Gehe to alow their bids to proceed. Mr: Michael
Waxd, Lloyds m manaiging director, sala: "We beilive the companies' suhmissions will meet
with approval and expect them to be in with approval and expect them to be in e posi-
tion to rebid by October 18." Page 26 Compand
$\in A$ ATRT
Aldors - N N N

> 졷 흘


Thursday October 101996


## Amoco abandons E Europe plan  <br> $\qquad$    <br> UAP posts first-half profits <br> Crédit Lyonnais calls for FFr12bn <br>  <br>      <br> UK rail group in bond deal on assets <br> $\underset{\substack{\text { By Conner Middelmann and } \\ \text { Motoko Rich in }}}{\text { London }}$ Stagecoach, the rapidly, expanaing hus and rail group. yesterday became the first yesterday became tbe first pnhlicly quoted company in tbe UK to fund a large acquisithe UK to fund a large acquisi- tion hy transformag corpo rate deht into boonds for sale to international investors. Trine t5fim (S852.3m) bond transaction - known as a   company. bonds will be secured on liease payyments dne to Por- teren terbrook from UK train oper- ating companies (ToCs. About 80 per cent of these <br> $$
\begin{aligned} & \text { By A } \\ & \text { UAP } \\ & \text { Urou } \\ & \text { gron } \\ & \text { resn } \\ & \text { were } \\ & \text { repol } \\ & \text { cent } \\ & \text { tee } \end{aligned}
$$ Ahout go per cent of these payments are backed by the UK zovernment to cover the possibility that TOCs defant possibility that ToCs defant on payments. This makes the bonds low risk to meestors. Securitisation is a way for finamcial imstitutions or comfinancial institutions or com- panies to remove assets ffom their balance sheets. freeing their baiance sheets. freeing np capital and diversifing finding sources. Principal and interest payments on the secn- rities are frmed by the the nows gencrated by the assets. The Stagecoach offering fof lows Tuesday's $£ 904 \mathrm{~m}$ secmrilows Tuesday's s.904m secrui- tisation hy financial institu- tions of rental tions of rental income from former UK Ministry of Defence proper properties. whicb has similar goverment backing. The asset base for securits. The asset base for securitts- ation bas widened signif: cantly from traditional assets like residental mortsage loasus, and this trend is set to continue. said Philips associate director of asset securitisation st Nat- West Markets, whict is West Markets, whicb is abont to securitse s5bn of Natonal Westminster Bank cortorate loans. The Stagecoacb securitisa The stagecoacb securitisa- tion, arranged In seven tranches by the Uniou Bank of Switzerland will refinance an and Switzerland, will rennance an acquisition facility the groop set up in Angust to buy Por-  coach will payn an average interest rate of 7,4 per cent on the bonds Analysts welcomed the funduy package demeribin it an innovative and cheap fnamelinge. Bnt financing". Bnt Stagecoach shares eased 44/p to 573p. <br> 

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## TODAY'S DESKTOP. TOMORROW'S TECHNOLOGY



## COMIPANIES AND FINANCE: EUROPE

## Rome to unveil plans for Banco di Napoli


#### Abstract

   


Big contenders regroup for telecoms battle
RWE's link-up with the rival Veba-C\&W team reflects a new realism in the German arena

| ( ermany is Europe's |  |
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|  | come of the furst large Euro- |
| market, and the target for a | pean telecoms operators to |
| from the disma | which network operations - |
| of Deutsche Teiekom's | from carrying other opera- |
| nopoly after January 1 | tors traffic - has been |
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| remost among the con- |  |
| industrial and utility groups: |  |
| Viag, which formed a part |  |
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| elf with the | telecoms market. |
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|  | more clearly than any other |
|  | recent development in the |
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| DMibn-DM8bn. It will com- |  |
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| strategy group in which | "At the beginming of last |
| Veba and RWE will each |  |
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| 20 per cent; a n | break even on |

## Bouygues may raise $\$ 160 \mathrm{~m}$ by floating $40 \%$ of offshore unit



Looking for a<br>solid D-Mark investment<br>potential?<br>hannover re<br>Growth with reinsurance<br>hannover re<br>Usted on the Frankfurt and Hannover stock exchanges<br>Hannover Rückversicherungs Akkiengeselschaft P.O. Box 610369,30603 Hannover, Gemmany Phone $+49 / 511 / 56040$, Fax $+49 / 511 / 5604188$

## ELROPEAN NEWS DIGEST

 approve merger
##  indee vivil shareholders. including attacks on the prope to nominate to the board Mr Gerand Worrms. former hea of the Suaez troup, who helped advise Credit Local de Andireur Jack; Pb

Swissair, Sabena in cargo deal Swissair and Sabena, the Belgian airine. plan to
consolidate their cargo carg sales and distribution operations
into a single unit. Swissair said. Detrails of the plan are
 semissair said that as of Januarr 1 it would take over
mawriketin responsibility for Sabena's cargo perations.
Swissair expects the collaboration on cargo to boost bot Swissair expects the collaboration on cargo to boost bot
carriers combined cargo capacity by ys per cenat to 2 bn
con Peugeot buys Faure stake PSA Peugeot-Citroēn, the French carraker., has in effec
PSought a substantital minority stake in Bertrand Faure, the third-largest Frenct automotive compooonts group,
a move that contunues the trend towards consolidation i
 ECIA, the components and scooter company 6 per ceett
owned by Peugeot has accuired 7 per cent of Financier

 Treves. another componeats rempining 25 per cent of
trimmings. has aquired the rem
Financiere Michel Thierry. The transaction, which wwill
 Analysts upgrade Argentaria
 ICO. Spain's credit agency, which allows it to refinance
Pta578bn (s4.49bn) of loans at lower interest rates.
 the bank's fumding costs by about Pta30bn by 2004 , with
the refinanced instruments carrying an average interest
 under the previous arrangement. Mr IEgacio Cornejo. of
Beta Copital, ,
Baid he parnned to ralse his forecast for 199


Stock split at Lufthansa Lufthansa, the German airline, said it would implement
$10-\mathrm{For-man}$ tsock split today, reducing the value of its 1o-for-one stok spil today. reducing the value of its
shares from $\mathbf{M} 50$ to
the companinal DM5. At the same time, the company is converting its preference shares into
common shares. The company has 266 m preference
shme common shares. The company has 266 m preierence
shares with a nominal value of DM133m (Sgosm)
AFX News. Frankfu
Enel may enter telecoms Mr Chicco Testa, chairman of Enel, Italy's stateowned
power company, said it was studying the possiblity of entering the telecommunications sector and could bid for
a icence to become ltaly's third motile operator.
AFX News, Rome

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Irish funds Telefónica sale sparks a industry grows 65\% in year By John Murray Brow
in Dublin




$\substack{\begin{subarray}{c}{\text { min } \\ \text { mor } \\ \text { mid }} }} \\{\text { mid }} \end{subarray}$


# Morgan means more to individual investors 

More value from your wealth


JPMorgan

## Cimpor pricing may hit demand, brokers warn

By

## Metra held back by weakness at engines unit

| Ey Hugh Camegy in Stockholm |  | s | year to FM6.6bn this year. New | $\begin{aligned} & \text { re } \\ & \text { at } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| dustrial | ngs per share rose | room maker Sanitec and | ahead of a year ago. | the end of August and well ahead |
| , | FM935 to FM9.65. |  | It said the | of the FMzbn reached last year. |
|  | Warrsila Diesel perfo | one of the world's leaders in hath- | Diesel was for stronger perfor- | The division's full-year profits |
| ins of the | profit last time to a loss of FM48m. | FM240m to FM213m, while Imatra | the year. The unit had posted an | when operating profits hit |
| losses at its main diesel-engine | ra last month announced | el saw pronts slip from | operating profit of FM60m in the |  |
|  |  |  |  |  |
| tra | diese |  |  |  |
| close at FM268.50 | ${ }_{\text {i }}$ | ions |  |  |
| ment that profits after financial |  |  | eigh | p |
| items edged higher, from FM3393 | high-power diesel engines for ship- |  |  |  |

## You want a


on yield long-term diversification in D-Mark fixed-interest secwities. And a exactly what you get with German Pfandbriefe. In fact, usually between 10 and 50 basis points over German Treasury bonds (Bunds) with the yield rising at the longer end of the maturity curve - a significant difference as long as safety is not compromised. Asset quality is a hallmark of German Pfandbriefe, bonds issued to finance mortgages or public-sector loans. Thanks to the stringent regulatory framework of the German Mortgage Bank Act, Pfandbrief investors have never missed an interest or principal payment. An unsurpassed record for safety in a sector that accounts for $40 \%$ of the entire DM 3 trillion German bond market. The benchmarks Price Index PEX and the Performance Index PEXP add transparency to the Pfandbrief market

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GERMANY'S MORTGAGE BANKS


## EUROPEAN NEWS DIGEST Bloomberg begins forex deal system

Bloomberg, the financial information service, bas stolen

 The service is being offered in the London market to fienis which subscribe to Blooleserem the access a range currency quotes from participatin banks, and send for smaller investors to call around a number of banks if foreign exchange prices.
So far. five banks - Bankermica. Lloyds. BZW, SBC
Wor Warburg and NatWest - have signed up with Bloomberg bat seereral more were waing To use the service. tnvestors will need to have
sal existing accounts with the banks in volved , with using th
But not Bystem It could force banks to competitively cut their
margins on currency transactions, and lose a chance for margins on currency transactions, and lose a chance for
interaction with clients. The system was jointly develope interaction with clients. The system wand bank ing ing technolog A London company, Currency Management A London company. Currency a asssem for executing
Corporation this week launched
foriin exchange deals over the Intemet, aimed initially Goreige exchange
Tweathy individuls.
The Bloomberg system is aimed at smaller investors. making transactions worth ab industry analyst. said Bloomberg's ssystem posed no threat to the larger.
markets. The impact will be that the banks who markets. -The impact will be that the banks who use
Bioomberg may capture foreigm exchange husiness from
investors who don't tend to deal in huge amounts.' Mr Comotto ssid.

Kymmene visits Repap mills UPN-Kymmene, the big Finnish-based pulp and paper
group, is one of several international compantes shouing interest in Repap Enterprises. the Canadian timber, pulp
and coated paper producer. Kymmene, which this month
 listling. has examined Repap's twin-machine coated paper
mill in New Brunswick and its team is moving on to Repap's Wisconsin coated paper mill and Manitoba a
Bitish Columbia mills this week Repap said several other companies were also inspecting the everull, but woump not identify them. Th
company is for sale or merger as a complete unit. company is for sale or merger as a complete unit
Analysts say other companies interested include Champion, International Paper, Consolidated Papers and
Weyerhauser from the US and Stora from Sweden. Weyerhauser from the US and Stora from Sweden.
Robert Gibbens, Montreal

## Telekom shares in demand


 have untin October 11 to register with the company's
share information forum for special incentives nacluding share information forum for special incentives including
price discounts on shares purchased. The company satd
this week it has had to douhle the number of people price discount on shares purhe the number of people
this week it has hat on do
workhigg at the e information forum, which is reeeving an

 internationail said it had lodged a complaint with the
Eurrpean commislon, calung for Deetche elekom to
part with its fixed networks, in particulare the local ones. part with its fixed networks, in particuluar the local ones.
Telit Deutschland competes with Deutsche Telekol network services. It says the German government has


NEC denies Olivetti interest Olivett shares rose early yesterday after NEC the
Japanese electronlcs group, denied Italian press re Japanese electronics group, denied Italihn press reports
that it would be interested in buying Oivetti's aling PC,
husing husiness. The shares reached L545 before closing up less
than 1 per cent at L593.
Schroders in Polish role Schroders, the UK merchant bank, is to advise the Polish
govermment on a preprivatisation strategy for Polskie
Sieci Energety Sieci Energetyczne, which runs the countrys power grid.
The study. which is heing paid for hy the Brtish
 privatisation programme for the electrical energy sector.
Christopher Bobinskz, Warsan BG Bank meets offer demand




 on Tuesday at $D \mathrm{DK}$ r22

Hilary Bames Copenhas
KHD sells part of plant arm





Novo Nordisk in R\&D dea






EAC sells HK Carlsberg stake



companies coverage can be sent by e-marlit to

## Australian insurers warned on banks' role

|  |  |  | likely to accept poor performance. | lished operations scross the region. The US ratine arency suryerter |
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| Austraba a senerail insurame | thal client base". | the industry will need to redouble | given pressures at bome and oppor- |  |
|  | are already signs of | ing efficiencies, which may |  |  |
|  | happening, | encourage further consolidation |  | ok remained satisfactory, with |
|  |  | and expansion of activities |  | underwriting cycles likely to be |
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| Sefp said in an:industry review |  |  |  |  |
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## Thai banks rebuild after excesses of the past







## ASIA-PACIFIC NEWS DIGEST

Dragonair listing delayed by a year








 will bold a combined 20 per cent. CNAC, the commercial
arm of the Chinese sviation suthority. will hold not less
 ctric Pacinc said a decision on whether to issue new
shares in Dragonair would not be taken before it was hnown wbether the airline required more furdine for
foutes, and new aircraft.
US bank reveals TNT stake
 subject of a Assmbian (US\$51.bbori) friendy bid trom the Dutch

The investment bank's Australian arm already held 16.9 per cent tsake in TNT betore the KPN ofter was
announced last Wednesday. This had been built up over

Takeda Chemical approval Takeda Chemical Industries. the Japanese drugs maker,
bas won
tar for treatment of pre-menopausal breast cancers and
uterine fibroids. benign tumaurs in
the un
uterus. The new uterine sibroids, benigen tumours in the uterus. The new

applications will add about Y700m (sc.3m) in sales, raising | Takeds's forecast for domestic sales of the drag to around |
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| Y23.5.bn in the year to March 31 1997. |

n whare in deme



Innovation knows no boundaries. So when that they complex asset management needs by outsourcing the custody of their worldwide investment portfolios--they looked to us. Eliminating the need for an expensive in-house operation would allow them to focus on their core asset management business-what they do best. Atter Brothers Asset Management chose Bankers Trust as their global custodian. Why? To remain competitive they needed portfolio information in real time, across global markets--so that they had the nformation they needed, when they nes. With a system tailored by market, Lazard Brothers Asset Management will benefit from the most technologically sophisticated and extensive global reporting available. Bankers Trust's investment in research and development technological innovation, superior risk management skills, coupled with our global reach and local market knowledge, allow us to provide our clients with the competitive advantages they need to succeed. Which is as it should be, because for Lazard Brothers Asset Management clients, only the best has ever been good enough. We welcome the opportunity to discuss how we can develop equally innovative solutions to your financial challenges.

## Fiat announces details of New Holland float

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## Change of culture sought at ADM

Pressure for boardroom change has intensified, but few expect an easy victory

| T $\begin{aligned} & \text { notitutional shareholders } \\ & \text { of Archer } \\ & \text { land, the }\end{aligned}$ |  |
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| processor currently und |  |
| investigation hy the |  |
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| fixing, will press for a stricter definition of tbe post of outside director at ADM's |  |
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| annual meeting next week in Decatur. mlinois. |  |
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| All of the five shareholder proposals tabled for tbe |  |
| October 17 meeting concern board composition or voting rules, despite a year-long |  |
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| rules, despite a year-long |  |
| Two powerful institutions |  |
| Adme Forinia State Boord of |  |
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| ifornia Public Employees' Retirement System - want |  |
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| The board is currently domi nated by people elther related to Mr Dwayne |  |
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| related to Mr Dwayne Andreas, ADM's long serving chatronan, or close friends of |  |
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AT\&T makes early move to steal PCS compet

##  <br> rivals - mobile tel felephone holders share come the assault sid not che moment too soon not The US's higest telephone <br> The US's hige tos soon telephone carrier has spent much of carrier has spent much of tbis year teing outuanked itself in its cone itself inits itcore business of longedistance calling. With companies such as MCI and Sprint expanding their business in this area twice as fast. Mr Bob Allen. AT\&T chairman. has been trurust Mr Allen bas at last come out fighting. in the process. out fighting. In the process. be has also fired the first shot in abatile for supure. acy of at the US wirel <br> shot of a the US wor suless air. acy waves, just as a host of new mobile telephoone competi- tors preare to enter the tors prepare to enter the market. ATt\& c . move displayed a cbutzpan wbich tas tay been a singuarly

US banks held back by one-off charges


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## SIEMENS


Call to exchange shares


 are now availabte, ws would ask our shareholders to presert their oud share ceritifitateres with
renewal coupons at the coumters of the bank listed below duwing nomal banking hours from October 15, 1986 to January 15, 1997 Incluske

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 Eerlin and Munich, October 1996
Slemern Axtilengisellicchaft


| Chilean brewer in <br> $\$ 238$ m share issue <br> Compania de Cervecerias Unidas. a Chilean brewery, is planning a So3im capital increase through the iss American Depositary Receipts. The company will hold a shareholders' meeting on October 24 to approve the increase, said the statement sent tive details of how it Superintenoencs. CCU did not give would invest the funds. The Chilean Newspaper, El Diario, said the company might use the proceeds to take control of Ecusa, a local soft drinks producer. by buying the stake beld by Buenos Aires Embotelladoris (BAESA). the troubled Argentine bottler. In 1994. CCU agreed a joint venture with BAES.A, Argentina's largest Pepsi botrier. Pepsi in Chile. Other plans could include investments in Kmart to realign businesses <br> Kmart, the US retailer, plans to merge many of its Kmart Canada business functions into its US operations, in order financial performance of its Canadian operations. <br> Under the realignment, Kmart Canada's financial. support functions will begin merging into Kmart's headquarters in Troy. Michigan. this month and will be completed in 159. Hemaining functions in Kmart Cankda's Brampton, Ontario, oming functions. <br> The realignment will result in a workforce reduction of about 150 positions by the end of 1997 at Kmart Canada's head office in Brampton. AP.DJJ, Mfichigore <br> Delta takes $\$ 20 \mathrm{~m}$ charge <br> Delta Air Lines will record a 520.3 m non-operating charge for the settlement of a lawsuit unth the American Society provide a per share estimate for the charge. but snid it expected to report strong revenue results for the September quarter, in spite of unit costs that were slightly higher than preitons estimates of 8.7 cents per available seat mie. derelopment expenses. and additional revenue-related expenses. $\qquad$ <br> USAir plans low-cost flights <br> USAir, the US airline in which British Airways has a 24.6 per cent stake, is in talks with its pilots' union over the creation of a low cost operation between the Northeast Delta Air Lines and other "no-frills" cartiers, according to media reports. The new service would probahly be marketed under a separate name, simiar to Dela Express. the los'-cost version of Delta Air Lines launched this month. the reports said. <br> However, LiSAir must first get concesslons from its baions to allow' lt to operate the new service. On approval for formal talks with management. ALPA spokesman Mr David McLarney said USAir was have no food no frils operation. Typically these flights paid less but fly more hours. |
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UniChem and Gehe expected to be in a position to re-bid this month

Lioyds Chemists battie set to resurne Bin | $\begin{array}{l}\text { Dividend } \\ \text { move hits }\end{array}$ | Capital Re to | Eurovein back |
| :--- | :--- | :--- |
| acquire RGB | in the black |  | Allders

By Peggy Hollinger
Allders, the UK retall gropp
mas have to pay some 215 mm mas
(22.34m) th compensation to
Opten option holders, following
the decision hy Mr Kemneth the decision hy Mr Keneeth
Clarke. cbancellor, to scrap
tax benefits on some tax beenefits on some special
divldend schemes. The group satid yesterday it wonld abandon plans for a
15-for-19 share consolidation
which was to accompany its s50m special dividend to
shareholders.
It It said the consolidation
wuld joepardise the tax
relief available to some shareholders. The special
payment follows tbe sale parment follows tbe sale
earlier this year of Allders'
dity dint free basiness to swiss-
air for c110m.
Mr Harvey Lipspith, chief
and executive, who owns 250,000
options, said the company options, said the company
intended to compensate
option holders fally. How-
 method was not likely until
the finawce bill is published
Shareholders will be Shareholders will be
asked at todavs's extrand
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pay the $48 p$ dividend
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| Broadcasting Complaints <br> Commission |

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## European high－yielders recover their momentum

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| By Richard Lapper， <br> Capital Markets Editor <br> After weakness earlier in the week in Italy and Sweden， kets recovered their momen－ tum yesterday．The US dol－ lar＇s firmness against the tial support for the high yielders．Moreover．analysts said investors feel that Euro－ pean convergence is assum－ ing a momentum of its own <br> Most investors are con－ trades are a structural phe－ nomenon，particularly in ltaly and Spain．chaid Mr omist at IBJ in London． <br> Convergence is like a moment，there is nothing to stop it．＂6dded Mr Julian |
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Japan are underpinunng both
the European and US mar．
kets．Figures yesteray
showed that Japanes lhnes．
tors purchaped a net

 －Positive early develop－
ments in Scandinavia set the

 SKK50bn to SKrrobn
SKr30bn boosted
Swedish
ond across the curve．The



## Petronas in euromarket debut



Pakistan facility may be increased
 Pakstan＇s latest borrowing． a sioom oil import facinity
led by ANZ investment
Bank．has been nversub－
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attracted 17 subseribers． attracted 17 subscribers．
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ancerves far lower than now． reserres far lower
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ings have created a beav． repayment schednle．Alt gether，sto0m falls dne inf
the second half of this year．




UK Indices



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## Explorers flock to Shetlands

## Britain's landfill tax raises

 stakes for compost makersThe government hopes that 1 m tonnes of organic waste will be recycled annually by the year 2000, writes Alastair Guild

Staking rush begins as Quebec ends freeze
By Robert Gilbens
A big staking rush began
yesterday morning after the
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## Australia plans native title veto

By Nikki Tait in sydney
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## FTSE heads back towards the 4,000 level

| By Steve Thompoon UK Stock Market Edtior <br> The FTSE 100 index came back to within 7.2 points of the 4.000 level yesterday as UK shares retreated in the face of a poor performance by Wall Street ovarnight and at the start of trading yesterday. Adding to the market discomfort late yesterday were rumours, suhsequently denied, that Mr Boris Yeltsin, the Russian president, had died. Notwithstanding the denials. the FTSE 100 index ended the session a net 26.3 lower the day's lowest point. |
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| NEW from FT Retail \& Consumer Publishing $\square$ Food \& Drink Management Reports <br> FINANCIAL TIMES FT Retail \& Conswmer Publishing |  |
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| FT Retail \& Consumer Publishing produce extensively researched reports providing vital industry information for your company to take full advantage of new opportunities, and stay one step ahead of your comperitors. Supported throughout with informative case studies giving unique insights into what is really happening in the industry today, these reports are invaluable aids to corporate planning. |  |
| $\square$ STRATEGIC DIRECTIONS IN EUROPEAN FOOD \& DRINK An in depth study of corporate strategies in association with Price Waterhouse Corporace Finance The era of diversified conglomerates has ended and companies are now focusing on the brands, whilst striving to access new growth potential. Srategic Direcrions in Europe uransactions taat took place during 1995 and reveals the drivers influencing stracegic dd Published August 1996 | re activity and the repositioning of ood \& Drink examines corporat on making within the industry Price $\mathbf{E 3 9 5 / U S \$ 5 9 2}$ |
| $\square$ SPONSORSHIP \& CHARACTER LCENSING IN CHILDREN'S FOO Dynamic marketing strategies by Emma Stevens <br> Food and drink is now che fastess growing sector in character licensing with children's food the greacest use of TV advertising in the UK. This report is the first of fos kind to document a of sponsorship and character iicensing campaigns. Pulling cogecher invaluable market inforn studies chis report analyses the strategic issues involved and examines best practice Publishod June 199 | AND DRINK <br> and drink products accounting for analyse the successes and failure ation whth a variety of detailed case procedures critical to success. Price $8350 / \mathbf{L S 5 2 5}$ |
| $\square$ FUNCTIONAL FOODS <br> Strategies for successfil product development <br> by John Young <br> With the globad market for functional food estimated to be worth US\$17 billion by the year to see the potencial In this innovative new market Backed by detalled case studies, this repo pictells to be considered as companies develop their husiness in what has been heralde opportunities of the next decade. <br> Published Sepuember 1996 | 200, companies are now beginning highlights key success factors and one of the most exciting market <br> Price L450/US\$675 |
|  <br> Winning children as customers <br> by Moria Hilliam <br> In the UK alone he children's food and drink market is set to increase from $£ 6$ billion to $£ 9$ key market trends, consurner eacing habits and the effects of 'pester power; this report P analysis to fuel strategic planning and new product development. Published October 1996 | RINK <br> Mon in the next 2 years. Examining vides you with a wealth of critical Price <450 158525 |
| PROSPECTS FOR FOOD \& DRINK INGREDIENTS IN THE EU An in depth market analysis <br> by Soeve Rice <br> With the grobal food \& drink market becoming increasingly compecitive, so ingredients com to maintain margins and increase market share. This report provides a comprehensive, qua EUfood \& drink market focusing on the emerging trends in the use and explotration of ingre data and analysis critical for success. Published Occober 1996 | nies are under furcher pressure ative and strategic review of the ents and supplying the stadstical <br> Price $\mathbf{C 3 5 0 / U S} \$ 525$ |
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## S Africa continues to advance

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12.2 at 7,059 . Industrial shares put on 9.0 to 12.2 at 7.059. Industrial shares put on 9.9 e th
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To succeed in certain fields requires immense strength and commitment. No wonder we're winning in Asia.


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